Connecticut: Expanding Exports and Supporting Jobs through Trade Agreements

For almost 40 years, Congress has enacted Trade Promotion Authority (TPA) type laws to help guide both Democratic and Republican Presidents in pursuing trade agreements that support U.S. jobs, eliminate barriers to U.S. exports, and set rules to level the playing field for U.S. companies, farmers, and workers. In these laws, Congress has set high-standard objectives and priorities for U.S. trade negotiators and established a process for consulting with Congress and the public.

The United States currently has free trade agreements with 20 partners which support 46 percent of total goods exports. The regional trade agreements under negotiation now – Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) – would account for 61 percent of U.S. goods exports. Fifty countries are negotiating a separate agreement focused on opening markets to trade in services, which would create significant new opportunities for U.S. services firms. TPA will allow these agreements to become a reality, spurring economic growth in the United States and our trading partners.

Exports Support Jobs for American Workers

Total exports from Connecticut helped contribute to the record-setting value of U.S. goods and services exports in 2013, which reached $2.3 trillion. Nationally, jobs supported by exports reached 11.3 million in 2013, up 1.6 million since 2009. In 2011, over one-quarter (27.4 percent) of all manufacturing workers in Connecticut depended on exports for their jobs.

Exports Sustain Thousands of Connecticut Businesses

A total of 6,020 companies exported from Connecticut locations in 2011. Of those, 5,357 (89.0 percent) were small and medium-sized enterprises with fewer than 500 employees. Small and medium-sized firms generated over one-quarter (26.6 percent) of Connecticut's total exports of merchandise in 2011.

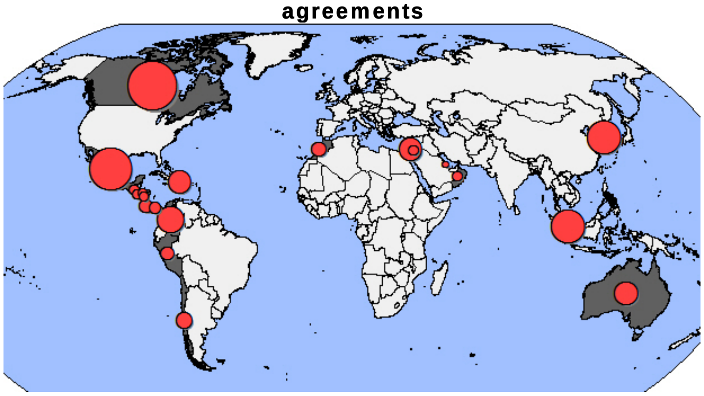
Trade Agreements

The United States currently has free trade agreements in force with 20 countries, which account for $5.0 billion (30 percent) of Connecticut's exports in 2013. During the past 10 years, exports from Connecticut to these markets grew by 69 percent, with NAFTA, Korea, Singapore, Colombia, and Israel showing the largest dollar growth during this period.

Connecticut Depends on World Markets

Connecticut's export shipments of merchandise in 2013 totaled $16.5 billion. The state's largest market was France. Connecticut posted merchandise exports of $2.4 billion to France in 2013, representing 14.8 percent of the state's total merchandise exports. France was followed by Canada ($1.9 billion), Germany ($1.4 billion), the United Arab Emirates ($1.2 billion), and Mexico ($1.2 billion).

Connecticut exporters take advantage of U.S. trade agreements



Bubble size represents relative value of Connecticut's exports to each country

The state's largest merchandise export category is Transportation Equipment, which accounted for $8.0 billion of Connecticut's total merchandise exports in 2013. Other top merchandise exports are Machinery, Except Electrical ($1.9 billion), Computer & Electronic Products ($1.3 billion), Chemicals ($998 million), and Electrical Equipment, Appliances & Components ($760 million).

Connecticut's Metropolitan Exports

In 2012, the following metropolitan areas in Connecticut recorded merchandise exports: Bridgeport-Stamford-Norwalk ($10.3 billion), Hartford-West Hartford-East Hartford ($9.7 billion), New Haven-Milford ($2.0 billion) and Norwich-New London ($262 million).

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Future Trade Agreements will Benefit Connecticut's Exporters

Trans-Pacific Partnership (TPP)

TPP negotiations with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam center on creating a high-standard, regional agreement that opens new markets and knits together existing U.S. trade agreements in the Asia-Pacific region by addressing new and emerging issues. The United States exported $697.8 billion in goods to all TPP markets in 2013 (44 percent of total U.S. exports).

Connecticut exported $5 billion annually in goods to all TPP markets (2011-2013 average). Connecticut's goods exports to all TPP markets increased by 9 percent from 2011 to 2013. During this period, 29 percent of Connecticut's total goods exports went to the entire TPP region.

Connecticut's exports could benefit from new market access as a result of Brunei, Japan, Malaysia, New Zealand, and Vietnam eliminating their tariffs as part of TPP. Efforts under TPP to address unnecessary barriers to trade, increase transparency and certainty for businesses, and promote the rule of law throughout the region could also benefit Connecticut's exporters. TPP could further promote regional integration by providing companies the ability to access supply chains that span four continents and a dozen countries.

Connecticut's top industrial goods exports to Brunei, Japan, Malaysia, New Zealand, and Vietnam include:

High-tech instruments: Currently, tariffs on high-tech instruments products in these TPP markets range up to 25 percent.

Machinery products: The tariffs on machinery products in these TPP markets currently go as high as 70 percent. Machinery exports could also benefit from TPP provisions that will address technical regulations and standards that unnecessarily restrict trade.

Chemicals: Currently, tariffs on chemical products in these TPP markets range up to 35 percent.

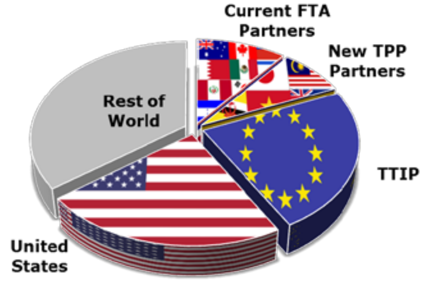
Transatlantic Trade and Investment Partnership (TTIP)

TTIP will be an ambitious, comprehensive, and high-standard trade and investment agreement that offers significant benefits for U.S. companies and workers through eliminating existing trade barriers and better enabling U.S. companies and workers to compete. TTIP will provide significant new opportunities for U.S. industry, as approximately one-fifth of all U.S. goods and services exports go to the European Union (EU).

Connecticut exported $6 billion annually in goods to the EU (2011-2013 average). The EU was Connecticut's largest export market.

EU tariff elimination as part of TTIP would provide new market access that could benefit Connecticut's exports. Exports from

With TTIP & TPP, the United States & its trade agreements partners will account for 65% of global GDP



Connecticut could also benefit from efforts in TTIP to achieve new market access commitments in services and investment, improve the regulatory environment, and establish global best practices.

Connecticut's top industrial goods exports to the EU include:

Information and communication technologies: Currently, EU tariffs on information and communication technologies (ICT) range up to 14 percent. ICT exports could also benefit from TTIP provisions that will address technical regulations and standards that unnecessarily restrict trade.

High-tech instruments: EU tariffs on high-tech instruments currently go as high as 6.7 percent.

Machinery products: Currently, EU tariffs on machinery products range up to 9.7 percent.

Trade in Services Agreement (TiSA)

A trade agreement focused exclusively on services, TiSA will encompass state-of-the-art trade rules aimed at promoting fair and open competition across a broad spectrum of service sectors. Presently there are 50 participants in the TiSA negotiations, representing almost two-thirds of world trade in services and a combined services market exceeding $30 trillion, which is approximately half of the global economy.

The United States is the world's largest and most competitive provider of services. U.S. services exports in 2013 were $682 billion, accounted for about 30 percent of total U.S. exports, and generated a trade surplus of nearly $232 billion. Promoting the expansion of services trade globally will pay dividends for the United States, with every $1 billion in services exports supporting an estimated 5,900 U.S. jobs. Service industries employ workers throughout the country, and approximately three out of every four American workers nationwide.

An ambitious, high-standard international services agreement presents a tremendous opportunity to remove a range of barriers that face U.S. service exports, and thus boost U.S. economic growth and support additional jobs.

For more information, please see www.trade.gov/fta.
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Sources include resources from the U.S. Department of Commerce's International Trade Administration, Bureau of the Census, and Bureau of Economic Analysis, as well as the International Monetary Fund's World Economic Outlook.